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CAUCASUS

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Classified By: Political Counselor Andrew R. Young, Reasons 1.4 (b), (d).

(C/NF) SUMMARY: During separate discussions with OSD Assistant Secretary for International Security Affairs Alexander Vershbow and EUR Deputy Assistant Secretary Spencer Boyer in early February, Roland Galharague, MFA A/S-equivalent for Continental Europe, adopted a defensive posture about the potential sale of Mistral class ships to Russia; expressed skepticism about the depth and durability of Russia's support for sanctions against Iran; acknowledged Putin's dominance in Russia while proposing, as a means to strengthen Medvedev, that we respond positively to his proposals for reforming European security and holding an OSCE summit; asserted that Serbia cannot win back Kosovo and also win entry into the EU; expressed pessimism about the future of Nagorno-Karabakh negotiations and about the impact of instability in Iran on Azerbaijan, Turkmenistan, and Armenia; and claimed that Bosnia and Afghanistan could become difficult issues for trans-Atlantic relations this year because of the USG's alleged disengagement from Bosnia and its alleged failure to consult adequately with European NATO allies on strategy in Afghanistan. END SUMMARY.

MISTRAL: FRENCH ADOPT A DEFENSIVE POSTURE

- 12. (C/NF) When asked about the potential sale of Mistral class ships to Russia, Galharague inquired as to why the USG seems to be singling out France for criticism on this issue. "I recently spoke to my Dutch counterpart," he reported, "and he said you have not approached him on this subject" despite recent Dutch (and Spanish) efforts to make similar sales. Furthermore, the Mistral is not "top end" military equipment, Galharague argued, describing it instead as a combination between "a truck and an oil ship" with some helpful navigation tools. It will not contribute significantly to Russian military capabilities. Russian leaders have been over-selling the military significance of the Mistral in order to quell domestic opposition to its purchase from abroad. Some Russians consider the sale a harbinger of the end of shipbuilding in their country, and claim the ship could be built at home but would simply take longer. The production and sale of armaments is a major industry in Russia, possibly second only to oil and gas. In his February 10 press conference, the Chairman of Russia's National Security Council, Nikolai Patrushev, seemed "very reticent" about the possible sale, according to Galharague.
- 14. (C/NF) Asked about Georgia's reaction to the possible sale, Galharague insisted that France has maintained "very good" relations with Tbilisi. The GOF "strategy" for Georgia to recover its lost territory is to persuade the Tblisi government to engage with the leaders of the secessionist territories and to continue on their path toward EU accession. The demands of accession -- such as internal

democratic reforms and good relations with their neighbors --will serve Georgia and the region well. Nonetheless, Galharague acknowledged that Tbilisi has good reason to fear Russia, given their recent history. This ship will not, however, affect their strategic situation, Galharague argued: "The Russians have already invaded Georgia without the ship."

15. (C/NF) While acknowledging that Georgia and the Baltic countries feel threatened by Russia -- with reason -- Galharague concluded that Russia is not a threat to us and there is no reason we should not sell equipment to them which does not fall into the realm of restricted armaments. The Mistral class ship does not contain high end or sensitive technology, he insisted.

RUSSIA'S COMPLICATED RELATIONSHIP WITH IRAN

16. (C/NF) The Russians are currently benefiting from their helpful statements on Iran while realizing full well that China will water down any sanctions proposals, Galharague asserted. When praising Russia's new stance, he argued, we should be cognizant of their complicated relationship with Iran. Russians have an interest in strong ties with Tehran, especially because Iran is still a primary market for Russian arms sales. On the other hand, were Iran to normalize its relations with western governments, it could develop into a major Russian rival for gas sales to the European market. To balance various and competing elements of its relationship with Iran, Russia has an interest in serving as a "go-between" in the conflict between Iran and the west. In fact, Galharague claimed, Russian leaders were furious when Turkey recently started to seize that mantel.

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MEDVEDEV VERSUS PUTIN

17. (C/NF) When discussing the comparative influence of President Medvedev and Prime Minister Putin, Galharague claimed that Medvedev, whose initial gut reactions to events clearly differ from those of Putin, is trying to assemble his own power bases independent of the former President. In the meantime, "power still rests with Putin," Galharague assessed. Putin, not Medvedev, constantly juggles and balances competing domestic interests in Russia. As a case in point, Galharague cited the Russian government's reaction to the financial crisis. After the government painstakingly established a mechanism for determining how to divide stimulus funds among various economic sectors and private interests, Putin simply decided unilaterally who would receive state support. In general, Galharague observed, Putin much prefers to focus on domestic issues rather than foreign policy. Putin prefers cutting deals in the murky Russian business world to delving into the complexities of international politics.

STRENGTHEN MEDVEDEV BY RESPONDING TO HIS SECURITY PROPOSAL

18. (C/NF) Galharague described the long-standing French effort to strengthen Medvedev by respecting his official role as president of Russia, regardless of Putin's competing power and influence. "We treat Medvedev as president and address presidential issues with him." They also seek to validate Medvedev's initiatives, regardless of the substantive content, in order to reward his efforts to put new ideas forward. As an important example, Galharague mentioned Medvedev's proposal for revamping European security architecture. Medvedev invested a lot of political capital in this effort, Galharague argued, and we should provide a positive response, even if we do not accept the proposals. For this reason, President Sarkozy sent Medvedev a letter of acknowledgment after receiving the proposal. Tying this

approach to USG policy toward Russia, Galharague several times asked how the USG plans to measure the success of the "reset" with Russia? The French, he said, would like to know whether the USG has established benchmarks for progress, and they wonder how START negotiations might fit into this equation.

EUROPEAN SECURITY: GOF SUPPORTS OSCE SUMMIT

19. (C/NF) Galharaque stated that the French largely agree with us about how to address questions of European security, except in one area: they support the idea of an OSCE summit. While Paris concurs with the USG analysis that the Russian proposals for reforming Europe's security institutions contain a number of "unacceptable" elements, he argued that we must understand that "we're playing a game of judo -- we do not want to give the Russians a pretext to claim they're being ignored." He added that the Russians are adept at manipulation. "We constantly feel like we have a better hand but they're playing a better game -- it's the same in business and economic arenas." Claims of disrespect by western nations resonate in Russian domestic politics, to our detriment, he warned. Therefore, we must $\mbox{emp}\bar{h}\mbox{asize}$ the positive elements of the Russian proposal and communicate a sincere willingness to engage. An OSCE summit can help with these aims, Galharague argued, and at the same time support the Corfu process. A summit would need to involve at least a minimum number of substantive issues, such as regional conflicts or the status of conventional forces in Europe, but by agreeing to move ahead with the summit we would put the onus back on Russia.

BALKANS: SERBS CAN'T WIN IN BOTH KOSOVO AND THE EU

110. (C/NF) Galharague asked that the USG work together with the EU to discourage the Serbians from proposing a new U.N. resolution on Kosovo, stating that Serbian Foreign Minister Jeremic "seems to believe Serbia can win on Kosovo and win EU entry. We need to let him know this is not true." Right now, Galharague reported, "the Serbs are furious with us (the French)" in response to the demarche the GOF delivered in Belgrade in early February (reftel) about Serbia's possible plans for a U.N. resolution. "We delivered the message in very forceful terms." In fact, the Serbs interpreted the demarche as a major change in position, Galharague reported.

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The EU had thus far maintained the position that the issues of Kosovo and Serbian entry into the EU were not formally linked. "There was no formal conditionality," Galharague said, adding that the Serbs now understand that to be a member of the EU they must eventually recognize Kosovo. "We told them we do not want another Cyprus," he explained, referring to Cyprus' controversial EU accession in 2004 as a divided island where EU legislation remains partly "suspended" in the northern part of the island which is outside of the government in Nicosia's control. Nonetheless, Galharague predicted the Serbs will likely go ahead with the U.N. resolution in any case, and the USG and the EU will be forced to oppose it.

111. (C/NF) Furthermore, Galharague asserted, before the Serbs join the EU, they will need to resolve key issues with Kosovo in the fields of justice, police, customs, transport, agriculture, and also any differences over names and terminology. The best way for Serbia to address issues related to Kosovo is by working with the European Union Rule of Law Mission in Kosovo (EULEX). "At the end of the day, though," he reiterated, "Serbia must recognize Kosovo if it wants to join the EU."

112. (C/NF) The Nagorno-Karabakh negotiations appear to be at a "dead end," Galharague averred, adding that "Minsk (The Minsk Group) is going nowhere fast." He noted that the French government is not in a position to push the Armenians at the moment because French citizens of Armenian origin "represent about 500,000 votes" and French regional elections will take place in March. Other factors may soon impact the Caucasus region, he warned, such as instability in Iran. Azerbaijan, Armenia, and Turkmenistan all have important trade and energy ties with Iran and they could be immediately affected by the Iran sanctions bill currently making its way through the U.S. Congress. At the same time, the effort to impose harsher U.N. sanctions may offer us an opportunity to further engage with those three countries about their approach to Iran.

FUTURE USG-EU FLASHPOINTS: BOSNIA AND AFGHANISTAN

- 113. (C/NF) When assessing potential issue areas where the USG and EU may differ during 2010, Galharague focused first on Bosnia. He said the French are disappointed that the USG appears to have put all plans and actions on hold pending the elections in October. Indeed, he implied that U.S. and EU officials have differing assessments of the need for continual engagement with the conflicting parties in Bosnia. Bosnian parties will not make progress without unity between the U.S. and the EU. When the Americans disengage, even temporarily, Galharague claimed the Bosnians perceive it immediately and react accordingly: "The Americans are giving up, so why should we do this (make compromises)?" The USG, the Spanish EU presidency, and High Representative Ashton should lead the charge in engaging this year -- "we need U.S. backing now," he urged. As a lever to press the Bosnians forward on constitutional issues, the EU may be able to use the ruling by the European Court of Human Rights, which declared that the Bosnian Constitution does not conform with European human rights standards.
- 114. (C/NF) Galharague described Afghanistan as the second potential trans-Atlantic flashpoint in 2010: "There is an emerging feeling the war is not jointly owned and managed." President Obama waited eight months to make a decision and, during that period, at no point did European opinion factor into his deliberations, according to Galharague. DAS Boyer firmly disagreed, citing USG consultations and discussions with French officials in Paris and in Washington, DC. Galharague acknowledged these discussions took place, but claimed the question Americans posed to their European NATO allies was not "What do you think?" but "How many troops can you put on the ground?" More recently, he said, the USG has begun contemplating engagement with elements of the Taliban without consulting European NATO allies. The French would like to know, for instance, what this engagement might mean for our future relations with Pakistan and India.
- 115. (C/NF) In purely political terms, Galharague explained that Afghanistan has developed into a difficult issue, especially in France. With the French death toll in Afghanistan having reached 40, he noted, local politicians have found themselves increasingly faced with grieving families, to whom they must explain the purpose of the war.

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"The perception is that we're there because the Americans are there," he said. "We're not sure where we're going and we're not being asked or consulted." Initially, the majority of Europeans supported the war in Afghanistan, invoking Article Five of the NATO Charter and committing a "fairly high" amount of troops and resources. But now "no one knows the purpose" of the war. "Perhaps the French government should have made a better show of the consultations" that did take place, Galharague admitted, "but to display them you have to have them."

- 116. (C/NF) EMBASSY COMMENT: Galharague is not ultimately responsible for the Afghanistan-Pakistan region, which is handled by a separate cell within the MFA, so his comments may not reflect the views of those who regularly engage with the USG on this issue. Notably, when discussing public and official perceptions of the war in Afghanistan, he made no mention of SRAP Holbrooke's two visits to Paris in the last three months, or post's constant exchanges about Afghanistan with French officials at the senior and working levels. Galharague focused on a perception of minimal consultation, which he admitted could persist regardless of reality. END COMMENT.
- $\underline{\P}17.$ (U) ASD Vershbow and DAS Boyer have cleared this cable. RIVKIN